

Message Text

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15

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 EB-07 COME-00 TRSE-00 OMB-01 /082 W

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R 040330Z APR 76

FM AMEMBASSY MUSCAT

TO SECSTATE WASHDC 1975

INFO AMEMBASSY ABU DHABI

USINT BAGHDAD

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY SANA

AMEMBASSY TEHRAN

C O N F I D E N T I A L MUSCAT 0371

E.O. 11652: GDS

TAGS: PFOR MU SA

SUBJECT: KING KHALID'S VISIT: A FINANCIAL STRIKEOUT?

REF: MUSCAT 0364

1. WELL-INFORMED OMANGOV SOURCE TOLD ME APRIL 1 THAT ALTHOUGH SAUDI MONARCH'S RECENT VISIT TO MUSCAT WAS IMPRESSIVE PERSONAL AND PUBLIC RELATIONS SUCCESS, HIS DELEGATION DEFLECTED OMAN'S ENTREATY FOR MONEY TO DEVELOP DHOFAR. "SOURCE SAID KING HIMSELF SEEMED READY TO ACCEDE, BUT PRINCE SAUD AND PRINCE SULTAN TALKED HIM OUT OF IT. INSTEAD, SAUDIS ARE TO SEND MISSION NEXT WEEK FROM A "SAUDI-BASED DEVELOPMENT BANK" TO LOOK AT DHOFAR SITUATION AND ASSESS OMANI NEEDS. OMANIS BELIEVE ANY RESULTING LOANS WOULD BE INTEREST-FREE, BUT FEAR SAUDI PROCRASTINATION MIGHT DELAY ENTIRE PROCESS INDEFINITELY.

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2. BRITISH AMBASSADOR WAS TOLD SAME DAY BY OMANI FONMIN

THAT PRINCE SAUD WAS THE REAL HARD-LINER WHO HAS SUCCESSFULLY KEPT OMANI HANDS OFF THE SAUDI PURSE DURING KING'S VISIT. FONMIN ADDED THAT ON POSITIVE SIDE THE SAUDIS HAD NOT RPT NOT PRESSURED SULTAN QABOOS TO REMOVE IRANIAN FORCES FROM DHOFAR, APPARENTLY UNDERSTANDING THE WISDOM OF FIRST SEEING WHAT MOVES PDRY AND PFLO MAY MAKE THIS SPRING.

3. JOINT OMANI-SAUDI COMMUNIQUE, BEING POUCHED DEPT. PREDICTABLY CONTAINS NO MENTION OF ABOVE POINTS AND INDEED LITTLE OF INTEREST.

4. COMMENT: PERHAPS THIS SAUDI CONSERVATISM WITH THEIR CASH INDICATES THEY REALLY ARE GOING TO ASSESS PDRY ACTIONS OVER NEXT 2-3 MONTHS BEFORE PLAYING FAST AND FREE WITH ECONOMIC AID TO ADEN. WOULD BE DIFFICULT TO IMAGINE SAG WOULD BE PLAYING IT SO TIGHT VIS-AVIS FRIENDLY OMAN IF THEY WERE ALREADY SHELLING OUT TO PDRY. BRITS HERE ARE OF COURSE UNHAPPY THAT KING'S VISIT FAILED TO PRODUCE IMMEDIATE FINANCIAL RESULTS, AS THEY HAVE CONSIDRABLE COMMERCIAL STAKE IN THEIR PLANNED LINKUP OF SAUDI MONEY AND EXTENSIVE PUBLIC WORKS PROGRAM IN DHOFAR.

5. INCIDENTALLY, UNDERSTAND GHASSAN SHAKER JOINED THE SULTAN HERE SHORTLY BEFORE KING'S ARRIVAL, BUT HE DID NOT SURFACE PUBLICLY DURING THE VISIT.
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